

# INSTITUTIONAL ANALYSIS ON POVERTY REDUCTION PROGRAM IN THE SOCIETY: A CASE STUDY OF NATIONAL PROGRAM FOR COMMUNITY EMPOWERMENT OF INDEPENDENT URBAN (PNPM- MP) IN SEMARANG,

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## INDONESIA

*by* Hardi Warsono

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# INSTITUTIONAL ANALYSIS ON POVERTY REDUCTION PROGRAM IN THE SOCIETY: A CASE STUDY OF NATIONAL PROGRAM FOR COMMUNITY EMPOWERMENT OF INDEPENDENT URBAN (PNPM-MP) IN SEMARANG, INDONESIA

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## ABSTRACT

Institutional PNPM-MP in Semarang put poverty alleviation as the main priority of the empowerment-based development policy. The strategy developed is to synergize government agencies with community institutions built by PNPM-MP program at the village and base level, that is, Community Institutional Agency (BKM) and the Community Self-Reliance Group (KSM). The problem studied in this research is: How does PNPM-MP institutional in society involve in poverty reduction, with the aim of describing and analyzing institutional programs in the community. The research approach used phenomenological qualitative, by conducting interviews, observation, focus group discussion to obtain data from informants (BKM / KSM). Informants include two BKM and ten KSM which is purposively selected (deliberately) from two villages in two districts. The analysis was performed interactively, that is, analysis techniques which are integral cycle among data collection, data reduction, data performance and conclusion withdrawal. Research conclusion: PNPM-MP institutional at the village and base level (BKM / KSM) has not been able to be a driving force in poverty reduction and is still seen by the community as a program requirement, not institutionalized on both horizontal and vertical level. Recommendation for the research result is that it needed awareness that poverty reduction requires a synergy between government agencies and community agencies embodied in the development planning of one village one planning.

## KEYWORDS

Institutional, Synergy, Government Agencies, Community Agencies. Poverty Reduction.

## ABBREVIATION

PNPM-MP/NPCEIU: National Program for Community Empowerment of Independent Urban  
KSM/CSRG: Community Self-Reliance Group  
BKM/CSSC: Community Self-Supporting Community  
BLM /DAS: Direct Aid for Society

## 1. THE BACKGROUND OF THE RESEARCH

Urban Poverty Reduction Program (P2KP) implemented since 1999 as a government effort to build self-reliance of the community and local governments to reduce poverty sustainably. The program considered very strategic to set up a foundation for the self-reliance of community is a representative community leadership institution, rooted and conducive to the development of social capital as a binder in community partnership with local governments and local care group. Taking into account the various developments in the community associated with the P2KP, starting in 2007 it has been initiated to adopt P2KP be a part of the National Program for Community Empowerment (PNPM) of Independence. Beginning in 2008 P2KP changed fully into the National Program for Community Empowerment of Independent Urban (PNPM-MP) as a part of the PNPM-Independence with the purpose, principles and approaches in line with that set out in PNPM-Independence. But PNPM-MP institutional at the village and base level has not reflected representation of the society characterized that public institutions existed in some ways more oriented to the external interests or even for the individual and certain group benefit. Thus they lack the commitment and concern to the communities in their area, especially the poor and leading to a crisis of public trust towards public institutions there.

In order to PNPM-MP institutional which is the responsibility of governments, businesses and communities are able to provide more tangible benefits to the poor, it is necessary to integrate the role and functions of government institutions (central and regional) with PNPM-MP institutional and other community institutions to minimize discrepancies in policies and in the implementation of poverty reduction programs.

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The identification results show that PNPM-MP institutional in the social, economic and environment aspects still faces some problems in its implementation include:

1. Dynamics of socio-economic and environmental communities produce variation and different community characteristics. On one hand it produces fatalist people (resigned to fate), on the other, resulting in a fighter society (high fighting spirit). These conditions seem negligible and have not been accommodated in the planning of the program.
2. Variation and characteristics of the different communities have implications for public participation and work ethic on the field, for the character of a particular society PNPM-MP institutional was considered successful because of the high public enthusiasm. In contrast to other community character PNPM-MP is regarded as giving dependence effecting on not maximal to the implementation of the program,
3. The allocation of development budget: infrastructure, economic, social in any program location, in fact, shows the issue needs at each location are not the same proportions.

This situation needs to be improved, because of its urgency PNPM-MP institutional is expected to be a place as well as a driving force agency to facilitate, mediate, communicate these institutions as well as making a major actor in encouraging participation, empower self-reliance and mutual cooperation, in order to create welfare and independence of the poor.

## 2. REVIEW OF LITERATURE

### 2.1 INSTITUTIONAL THEORY

Institutional is the rule in a community group or organization that facilitates coordination among members to assist them with the hope of every person or organization to achieve their common goals (Ruttan and Hayami, 1984). Meanwhile, North (1990) emphasize that institutional is as a rule of the game within a group that is heavily influenced by economic, social and political factors. In principle, institutional differs from organizations, in which institutional is more viscous with rules and organizations are more focused on the structure. Based on the understanding it can be said that institutions are rules facilitating the institution or organization in coordinating and cooperating to achieve desired common goals. The rules in this matter include formal and non-formal rules which are necessary and mutually agreed, therefore the rules should be clear, measurable and consistent. Organization and its related environment is often referred to as institution, it means that if the system framework of the development administration can be viewed as a macro approach, so the system approach in the development of the institution can be seen as a micro approach in order to study the development activities.

Definition of institution here refers to a combination of organizational goals and its relationship with the environment which is the result of interaction and adaptation, so that institution can mean an organization in which there are individual values and social environment. Institution is defined as an organization that shape, support and protect normative relationships and specific activity patterns and simultaneously forming the functions and services that are valued in an environment.

Hence institutional development is defined as the whole planning, structure design and new instructions, or realignment of the direction of organization, include: (a). Creating, supporting and strengthening the normative relationships and active patterns, (b). Formation of the functions and services that are valued by the community, (c). Creation of facility that connects the new technologies with the social environment. Institution or organization is needed as an integrated community learning centers and should have a clear organizational structure, because organizational structure is the formal structure of task and authority relationships that control how individuals collaborate and manage all available resources to achieve the goals of the organization. Eastman, (in Eaton, 1986) explains that the entanglement variables in institutions, namely: (1). Linkages that allow (enabling), that is, with organizations and social groups that control the allocation of authority and resources, (2). Functional linkages, that is, with organizations that carry out the functions and services that are complementary in terms of production that provide inputs and use outputs of the institutions, (3). Normative linkages, that is, with institutions that include relevant norms and values (positive or negative) to the doctrines and programs of the institution, (4). Spread linkages, that is, with elements in society that can not be clearly identified by membership formal organizations.

From the various comprehension of institution it can be explained that institution is a process in the community interaction that involves organization as its implementing to achieve the common goal. There are at least five fundamental questions about the institutional (Siagian, 2005), namely: (1). Who does what, (2). Who is responsible to whom, (3). Who is related to whom and under what terms, (4). What communication channels are in the organization, how to use it for what purpose, (5). What information network contains within an organization.

Institutions are generally directed to the organization, place or institutions. Organization serves as a container or place, while the definition of institutions include rules, ethics, code of conduct, attitudes and behavior of a person or an organization or a system. In sum, Institution is an activity system of patterned human behavior in their culture along with the components comprising the system of norms and code of conduct for the ideal form of culture, patterned behavior for behavior form of culture and equipment for the physical manifestation of culture coupled with human or personnel performing patterned behavior (Koentjaraningrat 1997).

In order that institution can run and be obeyed by its members, it is necessary to have intensive structure containing sanctions and rewards so that community will obey it. The institutions have three components, namely:

1. Formal rules, including the constitution, statutes, laws and all other government regulations. Formal rules establish a political system (the structure of government, individual rights), economic systems (ownership rights in conditions of scarcity of resources, contract), and security systems,
2. Information rules, including experiences, traditional values, religion and all factors that affect the shape of the individual's subjective perception of the world in which they live;
3. Enforcement mechanisms, all of these institutions will not be effective if it is not accompanied by enforcement mechanisms.

### 2.2 THEORY OF COMMUNITY POVERTY

There are several theories that have been elaborated with regarding to poverty (Sherraden, 2007), in brief these theories are grouped into two categories, namely the theory that focuses on individual behavior and the theory that leads to the social structure. The first theory, focusing on individual behavior is a theory about the choice, expectations, attitudes, motivation and human capital. Overall, this theory it is presented in neoclassical economic theory, which assumes that human is able to make decisions for himself with the availability of choices. In brief, the theory of the behavior believe that not productive individual attitudes bore poverty. The second theory, structuralist theory, represented by theory of a group of Marxist is that the systemic structural obstacles have created inequalities in opportunity and sustained oppression of the poor by the capitalist groups. Structural theory sees that the poor conditions result the particular behavior in each individual, namely the emergence of individual attitudes which are not productive is a result of adaptation to the circumstances of poverty. In addition to the two theories above, there is also a theory that does not take sides, that is, theories about culture of poorness, which says that a picture of lower-class group culture, especially in orientation to the present and absence of the delay gratification, perpetuate poverty among them from one generation to the next generation.

Basically the definition of poverty can be seen from the four categories, namely:

- (a) Absolute poverty, poverty associated with an approximate income level and needs only limited to basic needs or minimum basic requirements that allow a person to live decent lives. Absolute poverty is measured by comparing the level of income with the required income level to obtain their basic needs, that is, food, clothing and housing in order to ensure its survival.
- (b) Relative poverty, is seen from the aspect of social inequality, because there are people who are able to meet the minimum basic needs but much lower than the surrounding society (environment). The greater the gap between the upper class and the lower class in subsistence level then the greater the number of people who can be categorized as poor, so poverty is relatively closely related to the issue of income distribution.
- (c) Cultural poverty is associated with cultural communities to which poverty is happening to them, even not responding to the other's efforts who helped out of the poverty.

(d) Structural poverty, poverty is caused by the unequal economical structure and system and not in favor of the poor, so that giving rise to structural economic problems that increasingly marginalize the role of the poor.

6 Todaro (1997), states that the variation of poverty in developing countries are caused by several factors, namely: (1) differences in geography, population and income levels, (2) differences in history, partly colonized by different countries, (3) differences in wealth of the nature resources and the quality of human resources, (4) differences in the role of the private sector and the state, (5) differences in industrial structure, (6) differences in the degree of dependence on economic and political power of other countries, and (7) differences in the distribution of power, political and institutional structures in country.

The problem of poverty remains an interesting problem to study and find the solution, because it relates to the gap, inequality and unemployment. Thus, the reduction should be comprehensively associated with the influencing factors. Poverty reduction policies by the government seem partial, because any change of government occurs, the old concept that is already running is ignored and reformulated a new policy.

As a result, each policy has not been able to see the results and are likely to become a political commodity, in addition to government structure itself, programs that run seem on their own path so that it is mazy, unfocused, and confusing to the community. Therefore, what we need now is the deal among government, business, and the community to the concept of poverty reduction implemented well for the targeted communities. Program implemented must begin with targeting, that is, determining target to poverty reduction. The target should be aimed at two things: (1). the poorest communities in the sense of inability to work anymore or just survive (poor of poor). (2). unproductive poor people.

### 3. PROBLEM AND RESEARCH OBJECTIVES

The problem in this study is "How do institutional programs in communities play role in poverty reduction", which is studied from a). the role of government institutions in poverty reduction, b). the role of community institutions c). integration between government and community agencies.

While the purpose of this study is to describe and analyze the institutional PNPM-MP program in the community in poverty reduction in Semarang.

### 4. RESEARCH METHODS

1. The research uses phenomenological qualitative approach with interactive analysis technique, that is, an analytical technique of an integral cycle between data collection, data reduction, data performance and making conclusions (Bungin, 2010).
2. The focus of the research is the institutional program in community, that is, Institutional Communities Agency (BKM / KSM) at the study location as the informant;
3. The research locations are in Semarang by taking locations of 2 districts, 2 villages with 10 KSM taken purposively (deliberately).
4. Collecting data is done through interviews, observation, documentation, and Focus Group Discussion (FGD).

### 5. RESULTS AND DISCUSSIONS

#### 5.1 OVERVIEW OF THE INSTITUTIONAL BKM IN THE COMMUNITY

The existence of government agencies carrying out the functions of coordination and integration of programs to reduce poverty in the region have not been understood by the BKM / KSM in the poverty reduction activities at the village and base level. BKM in poverty reduction activity is related only to the institution of Settlement Infrastructure Development Task Force (Satker PIP), District Development Program (PPK), and the Activity Operational Charge (PJOK) and even then it is only limited to verification and fund disbursement of Direct Aid for Society (BLM). Distribution of BLM PNPM-MP by BKM to KSM has not been separated from intervention dominated by a team of facilitators, even in many cases BKM has no/less movement because they feel that they will not get a share of the running processes.

An interesting but worrying thing about the existence of BKM is in forming a document of the Medium Term Plan against Poverty Reduction (PJM Pronangkis) which is BKM's product dominated by village elite in the formulation, including the prioritization of activities funded by BLM. BKM as the owner of the authorities in the process of distributing the BLM only refers to the General Guidelines, Implementing Guidelines and SOP/POK (Standard of Operating Procedures/Activities Operational Guidelines), has not referred to the purposes of BLM cycles as well as Community Empowerment (PM) cycles.

#### 5.2 DISCUSSIONS

Institutional programs in the community at horizontal level conducted by BKM/KSM institution based on programs and activities runs relatively well, but on the vertical level seems very weak because the presence of BKM focuses more on the activities of BLM cycle facilitated by Activity Operational Charge (PJOK) in district level without being followed with coordination pattern in the district or urban level. Relationships with government agencies up to the urban level (Satker PIP, TKPP, TKPK-D) are only facilitated by the City Coordinator (Korkot) PNPM-MP in Musrenbang Kota.

BKM institutional at the village level as the representative of the PNPM-MP institution in developing BLM cycle as well as PM cycle will be better if it can be done with the approach of empowerment aspect and not fully with structural bureaucratic approach. In its development BKM still focuses on how the BLM cycle can run properly, not to the development of impacts of the BLM and PM cycles. In the future, BKM is expected to be able to develop BLM and PM cycles not only on cycle procedures, but can be followed with cycle impacts, that is, KPI (Key Performance Indicator) and PAD (Project Appraisal Document) as well as the institutionalization of the program which is participation-based.

BKM in implementing the BLM cycle (BLM capping, utilization documents of BLM, disbursement documents of BLM, distributing fund from BKM to KSM, verification, activities, LPJ) at the BKM "Manunggal Sejahtera" is relatively orderly from fund leakage of BLM, because through public accountant examination and LPJ taped on some open spot it is easily accessible to the public. In general BKM through UPK doing bookkeeping as the material of the Citizen Annual Meeting (RWT) as BKM's accountability to the public is very simple, does not meet the rules of good bookkeeping, but meet the rules of transparency and accountability.

This is consistent with the previous research conducted Andi Sopandi (2010) about the Institutional Capacity Study of PNPM of Independent Rural and Finance of the UPK (Case Study in the Regency of Bekasi) recommended that:

1. The institutional capacity program of the PNPM of Independent Rural has been able to coordinate all structures of institution to poverty reduction, yet have not been able to synergistically empower and sustain institutional structures in local government.
2. Institutional program PNPM of Independent Rural is characterized by a variety of improvisation to the technical manual operations, so that inter-region there is a various institutional structures that do not lead to the simplicity of the structure.
3. Financial management of UPK is carried out simply, does not use standard accounting principles because the human resources of UPK is less inadequate, so it makes difficult for monitoring and reporting.

In line with the matter above, (Edward III, 1984), states that institutional program of poverty reduction as a policy in the community in its implementation is less effective because it is influenced by several factors:

- a) The program can be executed properly when it is clearly communicated to the executive;
- b) The program will be effective if the four components of the resources (people enough in terms of quantity and quality, adequate information, the authority which is owned and responsibility) are adequate for its implementation;
- c) The attitude of the program managers in the field as a commitment;
- d) The bureaucratic structure that is based on standard operating procedures governing work flow and implementing policies.

Therefore, it is necessary to manage dissemination of policy program, namely: a) availability of public respect for government authority to explain the need to obey morally regulations/policy made the authorities, b) availability of awareness to accept the policy/program when reasonable, c) availability of belief that the policy/program made legitimately, d) firstly a policy/program is considered controversial, but as the time passes the policy/program is considered as a natural thing. Furthermore (Uphoff, 1986), states that local institutional community can manage local resources to be mobilized and organized the use in productive



activity, and can be utilized efficiently and continuously as it uses local specific knowledge, people's behavior conditioned by the norms and community consensus.

As a poverty reduction program, PNPMP-MP institutions at the community level carried out by public institutions (BKM) should be the rule in a community group or organization that facilitates coordination among its members to help them (person or organization) achieving their goals (Ruttan and Hayami, 1984). Principally institution is different from organization, in which institution is more viscous with rules and organization more focused on the structure. Thus it can be said that institutions are rules that facilitate the institution or organization in coordinating and cooperating to achieve desired common goals.

The rules include formal and non-formal rules which are necessary and mutually agreed, therefore the rules should be clear, measurable and consistent. Organizations or institutions involved are expected to have credible human resources and have sufficient knowledge and understanding about the existing problems. Organization and its linked environment are often referred to as institution, it means that if the framework system in administration of the development can be viewed as a macro approach, the system approach in the development of the institution can be seen as a micro approach in order to study the development activities.

Taylor and McKenzie (1992) suggest seven reasons why local initiatives needed in efforts to achieve local autonomy, namely:

1. From the government side, local initiative is needed because the government has not been able to provide adequate services, while the ability of central planning is also in a weak condition.
2. From the local communities side, one of which is because there are still many untapped resources seen to be more effective when using a local strategy.
3. Empowerment means preparing people to strengthen themselves and their groups in a variety of ways, ranging from institutional, leadership, socio-economic, and politic by using their own cultural base.
4. Development approach through the local self-reliance perspective suggests that all stages in the process of empowerment should be done decentralized.
5. Empowerment efforts with the principle of centralization, deterministic, and homogeneous is highly avoided, therefore empowerment efforts based on the decentralization approach will foster autonomous state, where each component will still exist with a range of diversity contained.
6. Empowerment efforts with centralistic characterized will not be able to understand the specific characteristics order, and tend to ignore characterized order. Conversely empowerment efforts undertaken decentralized will be able to accommodate a wide range of diversity order.
7. Perspective of local independence is an alternative development approach developed based on shifting of development conceptions, as well as a paradigm shift in science.

Institutional is an activity system of patterned behavior of humans in their culture and their components consisted of a system of norms and code of conduct for the ideal form of culture, patterned behavior for behavior form of culture and equipment for the physical form of culture plus human or personnel performing the patterned behavior (Koentjaraningrat 1997). Institutions as a set of norms and rules growing in the society rooted in the fulfillment of basic needs and have a concrete form as association. In substance, norms and rules are the basic features of the public institutions.

Institution in the society is the essence or essential part of society and culture. Institutions are the constraints on the individual freedom of members of the public. Individual often makes action resulting in externalities that often threaten the interests of the whole society, so it is necessary to restrict the individual freedom in order that his attitude is consistent with the public interest. Institutional as a rule interpreted as a set of rules, both formal and informal, written or unwritten concerning relationships between humans and their environment concerning with the rights and protection of the rights and their responsibilities and institution as an organization usually refers to formal institutions.

## 6. CONCLUSIONS

Institutional PNPMP-MP at the village and base level (BKM/KSM) has not been able to be a driving force to reduce poverty and is still seen by the public as a program need, not institutionalized well on both horizontal and vertical level. This situation appears from the aspects of:

1. The role of government institutions in poverty reduction programs, manifested in the development planning documented in the rules and regulations at the village, district and city level (murenbang, aspirations, recess, contingency, etc.), which is more proposed by elites of village, district, and city.
2. The role of BKM in society has been a shift in meaning of community involvement to cultivate the spirit of institutions in poverty reduction, which was limited in which people can manage and control program assistance properly, has not oriented in meaning of BLM and Community Empowerment (PM) cycles.
3. Integration among agencies put the authority for coordination between programs has occurred communication patterns built personally only ranged between officials (head/head of institution), has not been to the collective consciousness that actual matters coordinated are tasks, roles and functions of each institution at the central-local level.

## 7. RECOMMENDATION

Institutional PNPMP-MP at village and base level (BKM/KSM) in order to able to be a driving force to reduce poverty, it is necessary to be intensified in the following activities:

1. Government institutions will be able to strengthen the intervention strategy of PNPMP-MP by coordinating with community agencies (BKM) in each phase cycle (BLM cycle, PM cycle), resulting in strengthening institutions at the village level (BKM).
2. Institutional programs in the community (BKM) through integrated planning mechanism involving government agencies will make the program initiated by the PNPMP-MP are directed at individual/poor people activities directly, so the orientation of the programs are pro-poor and pro-poor budgeting.
3. Integration between agencies should be the process of mutual teaser, foster care and compassion and a shared learning media which in turn it will produce positive recommendations for the running poverty reduction activities.

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